# GOVERNMENT OF INDIA
# COMMERCE AND INDUSTRY
# LOK SABHA

UNSTARRED QUESTION NO:3773
ANSWERED ON:19.04.2005
EFFECT OF VAT ON TRADE
Budholiya Shri Rajnarayan;Mahajan Shri Y.G.

**Will the Minister of COMMERCE AND INDUSTRY be pleased to state:**

(a) whether implementation of the VAT system is likely to affect the import-export business of the country;

(b) if so, the details thereof;

(c) whether the Government proposes to reconsider the matter; and

(d) if not, the reasons therefor along with the time by which the aforesaid system is likely to be fully implemented in the country?

## Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY ( SHRI E.V.K.S. ELANGOVAN)

(a) &(b): For all exports made out of the country, tax paid within the State is to be refunded in full. In view of this, it is expected that exports will become more competitive.

(c) & (d): The VAT system implemented by various states/UTs w.e.f. 1st April, 2005 is a state subject. Therefore any decision to reconsider the matter and the time by which the aforesaid system is likely to be fully implemented in the country is under the purview of the concerned State Governments.